

REMARKS

Applicant expresses appreciation to the Examiner for consideration of the subject patent application. This amendment is in response to the Office Action mailed April 29, 2008. Claims 1-44 were rejected. The response addresses the concerns raised by the Examiner.

Claims 1-44 were originally presented. Claims 1-44 remain in the application.

Claim Rejections - 35 U.S.C. § 102

Claims 1-44 (including independent claims 1, 11, 12, 21, 38, 39, and 42) were rejected under 35 U.S.C. § 102(e) as being unpatentable over Hoffman et al. (2003/0083918).

In order to most succinctly explain why the claims presented herein are allowable, Applicant will direct the following remarks primarily to the originally presented independent claims 1, 11, 12, 21, 38, 39, and 42, specifically claim 1, with the understanding that once an independent claim is allowable, all claims depending therefrom are allowable.

A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference. *Verdegaal Brothers v. Union Oil Co. of California*, 2 USPQ 2d 1051, 1053 (Fed. Cir. 1987). The identical invention must be shown in as complete detail as is contained in the...claim. *Richardson v. Suzuki Motor Co.*, 9 USPQ 2d 1913, 1920 (Fed. Cir. 1989). Hoffman fails to teach each and every element of the present system and method.

Hoffman discloses a supply chain management framework for managing participants (Hoffman page 1, paragraph [0006]). The framework allows participants for an enterprise to function as an integrated system (Hoffman page 7, paragraph [0250]). The system provides standardized forms and templates to obtain and organize information from participants. For example, a contract template is sent to a participant (Hoffman Abstract). The participant fills out the form and returns the form back to the system (Hoffman page 1, paragraph [0007]). The data on the form relates to the sale of products, which includes performance data including inventory levels, delivery dates, and contract price (Hoffman Abstract; page 9, paragraph [0285, 0291]; page 16, paragraph [0401-405]). The purpose of Hoffman is to overcome difficulties with fragmented, untimely, and/or nonexistent flow of information in supply chain activities (Hoffman

page 9, paragraph [0252]). By providing an integrated system, Hoffman can provide a system that is responsive to consumer demands for product and respond to short lead time which can significantly lower supply chain costs (Hoffman page 9, paragraph [0252]).

In contrast, independent claim 1 sets forth a “method for assessing a supplier’s compliance with a customer’s contract terms, conditions, and applicable regulations.” Examples of compliance provisions can include retaining current insurance, permits, training, leases, licensing, certifications, documents, contracts, and other similar data driven compliance information (Application page 10, third full paragraph). Hoffman fails to disclose assessing a supplier’s compliance with a customer’s contract terms.

In particular, Hoffman fails to disclose “identifying a complete set of compliance provisions from contract terms, conditions, and applicable regulations for a customer’s contract,” as in claim 1. Hoffman manages goods for a supply management system, but the Hoffman system does not manage contract provisions.

Identifying compliance provisions in an existing contract, as in claim 1, differs from providing instructions to include provisions or requirements in a negotiated contract, as in Hoffman (Hoffman page 16, paragraph [0405]). Hoffman discloses at least two requirements for a supply agreement: (1) a contract price, and (2) that the supplier bills the buyer at the contract rate (Hoffman page 16, paragraph [0405]). The requirements are instructions to the supply chain manager negotiating the contract price. The system allows a supply chain manager to negotiate a contract price for a participant. Hoffman assumes the contract price is negotiated with the supply agreement’s requirements. **But, the Hoffman system does not disclose identifying the contract terms after the contract is formed.**

Identifying compliance provisions in existing contracts, conditions, and applicable regulations for a customer’s contracts is more difficult to perform than writing a generic supplier agreement including a contract price for at least three reasons. First, identifying compliance provisions is not just price and billing instructions as in Hoffman. Second, identifying legal risks in a contract requires intelligence and flexibility to filter and tag provisions that may create liabilities and risks for a company in the future. Extracting relevant provision from an existing contract, differs from requiring contracting parties to use a standardized contract. And third, identifying

compliance provisions occurs after the contract is written, and the generic supplier agreement form is produced before the contract is formed.

In addition, Hoffman fails to identify a complete set of compliance provisions associated with a contract. As previously stated, examples of compliance provisions in the specification include retaining current insurance, permits, training, leases, licensing, certifications, documents, contracts, and other similar date driven compliance information (Application page 10, third full paragraph). For example, the compliance may be quantified by tracking the dates for insurance policies and determining if a policy is current or expired. Even a lay person's experience with contracts would recognize that a contract price and a requirement for a supplier to bill a buyer would not be considered compliance provisions and also would not constitute a complete agreement for a typical contract. Furthermore, Hoffman states that the two requirements are minimum provisions, and does not claim the system stores these provisions or information related to other provisions (Hoffman page 16, paragraph [0405]). Moreover, Hoffman fails to disclose identifying or gathering the "compliance" provisions to form a complete set of compliance provisions. Contracts are written to address all the major legal concerns and risks that that parties can foresee in an agreement. A price listing would not eliminate legal risks to the customer because an unidentified compliance provision may create future liability which would be unaccounted for by Hoffman. Part of value in the method of claim is derived from the assurance that foreseeable risks are known and the method manages all risks associated with the contracts and business regulation.

Moreover, Hoffman fails to disclose "gathering supplier compliance information quantifying compliance by the supplier with the compliance provisions," as in claim 1. The Hoffman system does not gather compliance information that quantifies compliance. The Office Action asserts that performance information is similar to compliance information (Office Action mailed 4/29/08, page 3, item 6). Hoffman states "[s]uch performance information includes system inventory levels and movement, ordering activity, order fill rates, on-time deliveries, and product quality issues." Hoffman explicitly states the information is performance information not compliance or contractual provisions. The Office Action assertion fails because performance information is used to track efficiency, while compliance provisions are used to manage risk. The Office Action fails to show the similarities between two distinct concepts: performance

information and compliance information. For example, Hoffman does not describe the system inventory levels and movement—a performance measurement—as a provision in a supplier’s contract.

Hoffman quantifies performance information, but does not quantify compliance provisions. Compliance is “the act of complying, conforming, acquiescing, or yielding” (*Dictionary.com Unabridged v 1.1*). Compliance provisions in an agreement or contract include provisions that can be measured or determined if parties are conforming to the contract terms. As previously stated, examples of compliance provisions can include retaining current insurance, permits, training, leases, licensing, certifications, documents, contracts, and other similar date driven compliance information (Application page 10, third full paragraph). As previously illustrated, the compliance may be quantified by tracking the dates for insurance policies and determining if a policy is current or expired. Hoffman does not disclose similar contractual provisions and does not gather the supplier compliance information.

Furthermore, Hoffman fails to disclose “verifying the supplier compliance information using a verification provider in order to produce qualitative verification of supplier compliance information,” as in claim 1. The Office Action asserts that the Information Services “includes distributor and supplier performance measures” (Office Action mailed 4/29/08, page 3, item 6). The assertion fails because information is not verified and performance measures are not linked to contractual terms or conditions. As shown previously, performance information or measures are not similar to compliance provisions which require a link to a contractual term, a contractual condition, or business regulation. Hoffman fails to link a measurement to a contractual provision. Instead, the Information Services is used for collaborative planning, forecasting, and inventory management (Hoffman page 8, paragraph [0274]). In addition, the asserted reference does not disclose or imply any verification of information.

Independent claims 11, 12, 21, 38, 39, and 42 have also been rejected using the same citations in Hoffman and the same reasoning as in claim 1, so these independent claims should also be allowable for the same reasons. Rejection of the dependent claims 2-10, 13-20, 22-37, 40, 41, 43, and 44 should be reconsidered and withdrawn for at least the reasons given above with respect to the independent claim. The dependent claims, being narrower in scope, are allowable for at least the reasons for which the independent claim is allowable. Therefore, Applicant

respectfully submits that claims 1-44 are allowable, and urges the Examiner to withdraw the rejection.

Independent claim 12 has additional reasons for its allowance beyond the reasons already given regarding the allowability of independent claim 1. Hoffman fails to disclose “charging the suppliers a periodic fee for verification of the supplier’s compliance information,” as in claim 12. Hoffman identifies when users access the data and “the users can be charged a fee based on a number of times the users access the data” (Hoffman page 16, paragraph [0397]). Hoffman charges a per use fee (or per transaction fee) based on access of the system. In contrast, the present method charges a periodic fee based on a period of time a subscribers uses the verification service. A periodic fee is not the same as a per use fee. Therefore, Applicant respectfully submits that claim 12 is allowable, and urges the Examiner to withdraw the rejection.

Dependent claim 5 has additional reasons for its allowance beyond the reasons already given regarding the allowability of independent claim 1. Hoffman fails to disclose “adding emerging business regulations as the business regulations become effective,” as in claim 5. The Office Action asserts that a security incident response incorporating governmental laws and regulations is similar to emerging business regulations (Office Action mailed 4/29/08, page 5, item 10). The assertion fails because Hoffman fails to disclose an emerging business regulation or any regulation applicable to a supplier. The context of the Hoffman citation refers to a security breach of the web portal or electrical supply management system (Hoffman page 36, paragraph [0770-0773]). The Hoffman incident is an event requiring the assistance of an investigative agency to respond and investigate the security incident. Hoffman proposes the application of a consistent incident response policy which follows governmental laws and regulations in interacting with law enforcement.

The incident differs from an emerging business regulation in at least five ways. First, the Hoffman incident is an event (e.g., a security breach). In contrast, an emerging business regulation is a policy that requires a supplier’s ongoing compliance. Second, the Hoffman regulation applies to the technical and web security personnel managing the supply chain management system (Hoffman page 36, paragraph [0770-0773]). In contrast, the emerging business regulations apply

to the supplier, which is a distinct entity from the systems personnel. Third, the Hoffman regulation is applied to a policy that is not managed by or incorporated into the supply management system. In contrast, the emerging business regulation is managed by the method for assessing a supplier's compliance. Fourth, the incident response applies a current regulation. In contrast the emerging business regulation applies to a future regulation. And fifth, the Hoffman regulation involves an interaction with law enforcement. In contrast, the emerging business regulation is not limited to a law enforcement interaction. Therefore, Applicant respectfully submits that claim 5 is allowable, and urges the Examiner to withdraw the rejection.

Dependent claim 9 has additional reasons for its allowance beyond the reasons already given regarding the allowability of independent claim 1. Hoffman fails to disclose "notifying a customer of important supplier due dates that are about to expire and a relevant expiration date," as in claim 9. The Office Action asserts that delivery dates are similar to expiration dates (Office Action mailed 4/29/08, page 6, item 14). The assertion fails because delivery dates differ from expiration dates in at least three ways. First, delivery dates are associated with goods that are tangible (Hoffman page 9, paragraph [0285]). In contrast, expiration dates apply to a benefit that is intangible (e.g., insurance policy). Second, delivery dates apply to the possession of a good at a future date. In contrast, an expiration date applies to the termination of a current benefit. Third, delivery dates may be estimates based on experience. In contrast, an expiration date applies to fixed predetermined dates. Thus, Applicant respectfully submits that claim 9 is allowable, and urges the Examiner to withdraw the rejection.

Therefore, Applicant respectfully submits that claims 1-44 are allowable, and urges the Examiner to withdraw the rejection.

CONCLUSION

In light of the above, Applicant respectfully submits that pending claims 1-44 are now in condition for allowance. Therefore, Applicant requests that the rejections and objections be withdrawn, and that the claims be allowed and passed to issue. If any impediment to the allowance of these claims remains after entry of this Amendment, the Examiner is strongly encouraged to call Steve M. Perry at (801) 566-6633 so that such matters may be resolved as expeditiously as possible.

Fees in the amount of \$60,00 will be submitted electronically pursuant to 37 C.F.R. § 1.17(a)(1), for a one month extension of time pursuant to 37 C.F.R. § 1.136. No additional fee is due.

The Commissioner is hereby authorized to charge any additional fee or to credit any overpayment in connection with this Amendment to Deposit Account No. 20-0100.

DATED this 18th day of August, 2008.

Respectfully submitted,

/Steve M. Perry/

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